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ANNUAL REPORT 1967

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# WESTERN BROADCASTING COMPANY LIMITED

## report to the shareholders



Your Directors are pleased to present the Company's Annual Report and audited financial statements for the year ended 31 March, 1967.

It has been our pleasure to record a year of substantial growth and achievement. Total advertising sales continued strong throughout the year, reflecting favourable public acceptance of the company's programming policies.

Total sales established an all-time record and, notwithstanding the persistent increase in the costs of operation, the income from operations to Western Broadcasting Company Ltd. was \$1,075,744 — this compared with \$766,282 for the same period ending 31 March, 1966 . . . an increase of 40%.

The net consolidated income of \$547,087, equivalent to \$1.24 per share, compares with \$408,311, equivalent to 92c per share in the preceding year.

Your company's share of the net profit from minority broadcasting interests in 1966, which is not included in our consolidated profits, was \$106,132 from which dividends were received of \$7,728.

On the following pages, we have pictorially detailed some of the diversified activities of your Company's radio stations, and the part they play in the communities they serve. Near the end of this report, you will find a consolidated balance sheet, a statement of income and source and application of funds, and a 10-year comparative statement of earnings by the company's stations.

The year 1967 promises to be an important year in the history of broadcasting in Canada. A Broadcasting Act containing new legislation affecting many aspects of broadcasting in this country will be submitted to Parliament for formal approval.

During the period under review, your Directors authorized the acquisition of a further interest in British Columbia Television Broadcasting System Ltd., thereby increasing our interest in the common shares of that Company to 16.6%.

British Columbia Television Broadcasting System Ltd., which operates station CHAN-TV in Vancouver and CHEK-TV in Victoria, had a successful year in 1966. The company's management anticipates that the operating results for 1967 will exceed the good performance of last year.

It is hoped during the present fiscal year that Radio Station CKNW will become located in new offices and studios in New Westminster, the details of which are at present in preparation.

We recognize the important role of our industry in strengthening all aspects of life in Canada and we look forward to the part our Company will play in meeting the challenge of our changing times.

We would like to acknowledge the support of our Board of Directors, our shareholders and of the more than 110 employees for helping to make this first year as a public company such a rewarding one.

FRANK A. GRIFFITHS, C.A., *President.*

WILLIAM J. HUGHES, *Executive Vice-President.*

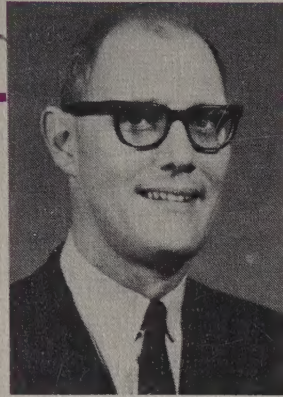


WESTERN BROADCASTING CO. LTD.  
DIRECTORS AND OFFICERS

112-604-1104-2511

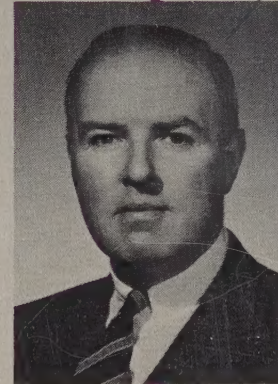


Frank A. Griffiths, C.A.  
Vancouver, B.C.  
Director - President



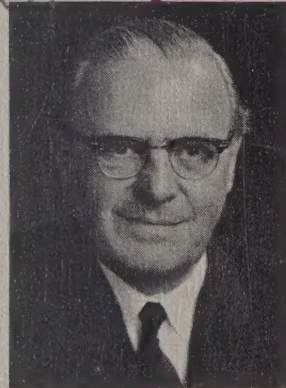
Denis W. Creighton  
Vancouver, B.C.  
Director - Secretary

112-604-683-8311



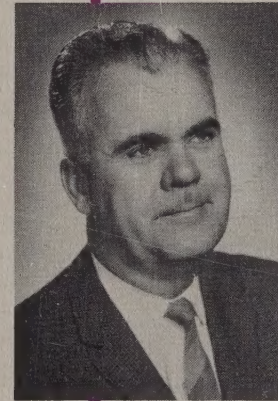
John J. West  
Vancouver, B.C.  
Director

Wood  
Gundy  
partners



Walter S. Owen, Q.C.  
Vancouver, B.C.  
Director - Vice-President

Roderick M. MacLennan  
Winnipeg, Manitoba  
Vice-President - Manitoba



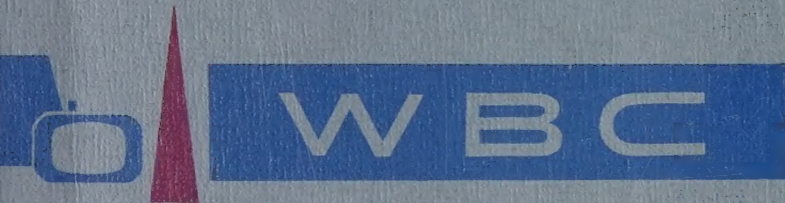
William J. Hughes  
New Westminster, B.C.  
Director - Executive Vice-President

112-604-522-2711



G. Neldon Cooper  
Vancouver, B.C.  
Vice-President, Sales





## YOUR COMPANY

Western Broadcasting Company Ltd. was incorporated in November 1965 as a public company under the laws of the Province of British Columbia. The principal assets of the Company consist of all the outstanding shares of two subsidiaries: Radio NW Ltd. operating radio station CKNW, the dominant radio station in the Metropolitan Vancouver area; and Radio OB Ltd. operating radio station CJOB and CJOB-FM, the dominant radio station in Winnipeg. Through another wholly owned subsidiary, Saturna Properties Ltd., the Company has 16.6% interest in the outstanding common shares of British Columbia Television Broadcasting System Ltd. which holds the licence to operate and owns the principal private television station in British Columbia, CHAN-TV (Channel 8, Vancouver). The latter company, through a wholly-owned subsidiary CHEK-TV Ltd., holds the licence to operate and owns television station CHEK-TV (Channel 6, Victoria). The Company also owns approximately 2% of the outstanding common shares of Standard Radio Limited and has other marketable investments of lesser importance.

The principal shareholders of the Company acquired the shares of Radio NW Ltd. in March 1956. Radio OB Ltd. was incorporated on July 12, 1961 by the principal shareholders of the Company and it purchased the assets of radio station CJOB and CJOB-FM in July 1961. The investment in British Columbia Television Broadcasting System Ltd. was acquired in June 1963 by Saturna Properties Ltd., formed for that purpose by the shareholder group controlling Radio NW Ltd.

The revenues of the radio stations are principally derived from the sale of advertising time to local and national advertisers. It is normal in the industry for such advertising to be sold in advance for varying periods ranging up to 12 months. The radio stations' sales are derived in approximate equal amounts from local and national advertisers.

The radio stations maintain an aggressive sales force consisting of 11 persons in Vancouver and seven persons in Winnipeg actively selling advertising time in their respective markets. Both CKNW and CJOB are represented in Toronto and Montreal by Standard Broadcast Sales Ltd. and in New York and Chicago and other leading cities in the United States by Canadian Standard Broadcast Sales Inc.

At a recent meeting of the Board of Broadcast Governors, licenses were authorized to operate Radio Stations CKNW, CJOB-AM and CJOB-FM until 31 March, 1970.

CKNW employs some 60 persons and CJOB, approximately 50. Through close attention to good staff relations, well-qualified and experienced people are attracted and retained.

The radio stations operate profit sharing plans, group insurance plans, wage continuation protective plans and attractive retirement plans, which have assisted in maintaining excellent employer-employee relationships.



## PERSONALITIES

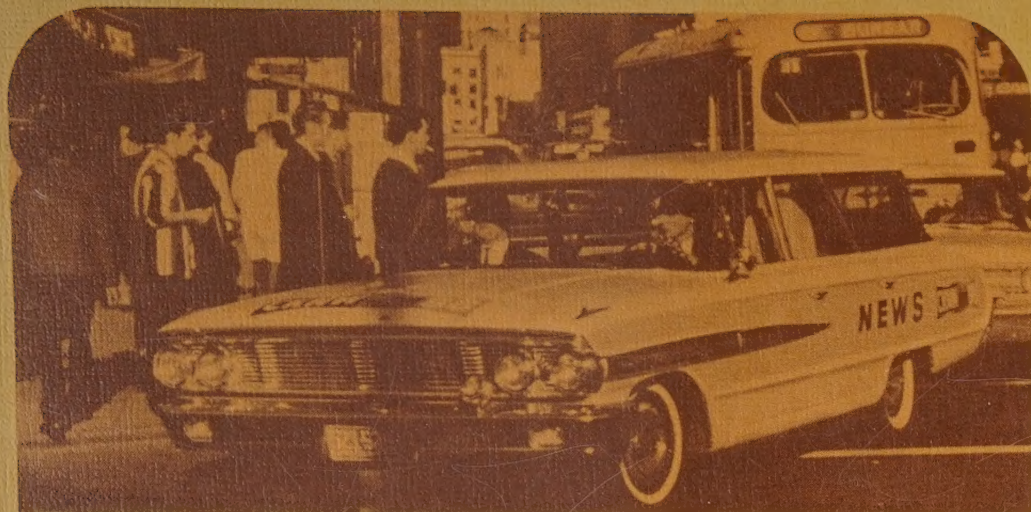
People in the public eye . . . are people heard regularly on your radio stations.

National political leaders . . . popular entertainers . . . Champs and ex-Champs . . . even the latest Beauty Queen, add to the colour of daily programs. Listeners know that when people are in the "news," they'll be heard on CKNW and CJOB.

We think giving listeners the opportunity to hear the opinions of others is an important part of responsible broadcasting.







## NEWS

A radio newsroom is telephones . . . teletype machines . . . tape recorders . . . but most of all . . . people! Your stations are proud of their professional staff of "hard-nosed" reporters who question, sift, collect, write and report the "News." We make it easy for them to do a good job with the best in communication equipment from "walkie-talkies" to traffic patrolling aircraft and on-the-scene news cruisers.

During the past year your stations joined with Standard Radio Productions Ltd. for full time "actuality" news service direct from Ottawa, Montreal, Halifax, Toronto, Regina, Calgary and Edmonton. In addition, we have acquired the services of NBC Radio News for international coverage.







## SPORTS

Being a good sport . . . is "Part of the game" of being a good radio station. CJOB and CKNW do a consistently professional job in covering sports from local "curlers and bowlers" to the national "gridiron" classics.

Both stations report exclusively the play-by-play action of their Western Conference Football teams. Winnipeg listeners recently heard the exciting action of the International Hockey Tournament on CJOB . . . and extensive coverage is planned of the Pan American Games, which will be the highlight of the sports year in Manitoba. Meanwhile, CKNW is pioneering play-by-play broadcasting of Vancouver's first professional soccer club, the Royal Canadians.





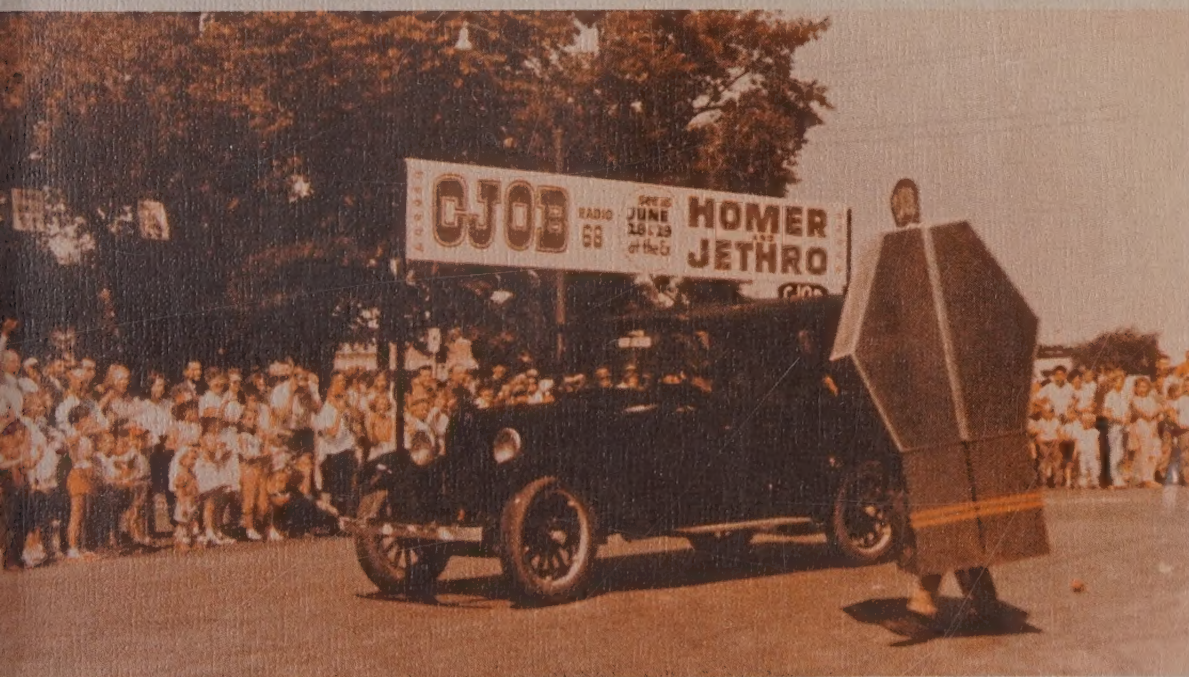


## CHARITABLE ORGANIZATIONS

Community service is more than talking about a problem . . . it's doing something.

Your stations have proven themselves leaders in Canadian radio in the area of public service action. The CKNW Orphans' Fund was the first of its kind . . . and for over 20 years has brought year round aid and happiness to orphaned, handicapped and underprivileged children. The CJOB Shut-In Fund is now in its sixth year of service. Both Funds are administered without cost by your radio stations.

Through the efforts by the members of the staff aided by generosity of the listeners over \$60,000 a year is raised for the purchase of shoes, clothing, food and institutional equipment for Canadian handicapped and underprivileged children, so they may become happier and better citizens.







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## COMMUNITY SERVICE

CKNW and CJOB are "going concerns." You hear them wherever things are happening in their communities — like a July 1st parade — or an outdoor summer show.

Sometimes our "studios" take the form of a United Community Services house in the center of the city . . . or the front steps of City Hall to "kick off" a charity drive.

Whatever the occasion, you can be sure your stations are doing their "level best" to serve the communities in their service area.





## MARKETING

Your stations enjoy unexcelled reputations in the business community. They're known for their imaginative ideas . . . "try harder" attitude . . . and impressive results. Leaders in many fields of business attend presentations staged by the stations to outline advertising plans. Big crowds turn up when CKNW and CJOB make personal appearances, proof of their popularity. Listeners respond enthusiastically to the inventive games and interesting contests that are just part of the varied programming fare of both stations.



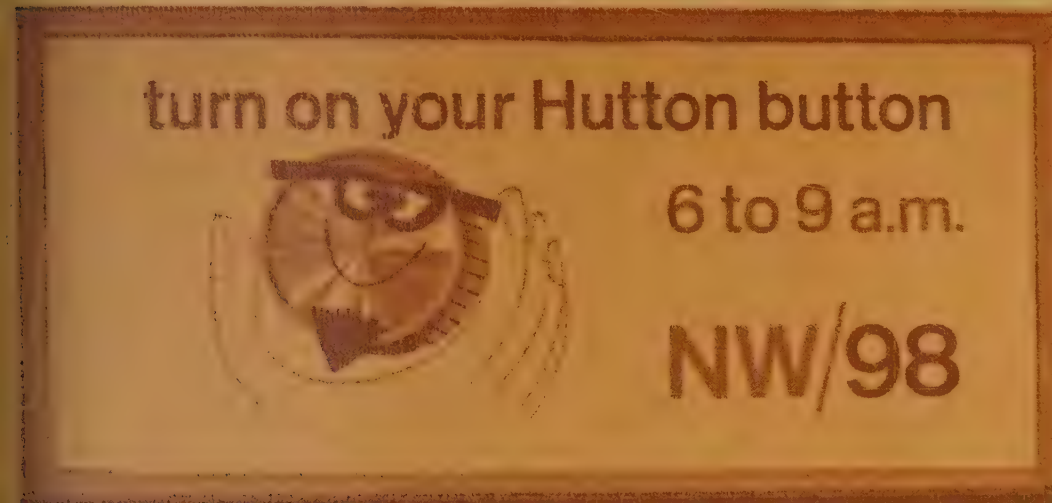


## PROMOTION

What has a gun fight got to do with a Radio Station? If that station is CKNW or CJOB then it's just a small part of countless promotions, that go on throughout the year. Wherever people gather, your stations are pitching right in and taking part in all the action.

Whether it's a splashy appearance at Wild West Days or a quiet donation of proper equipment to a needy project, your station's image of helping in every possible way is jealously guarded.



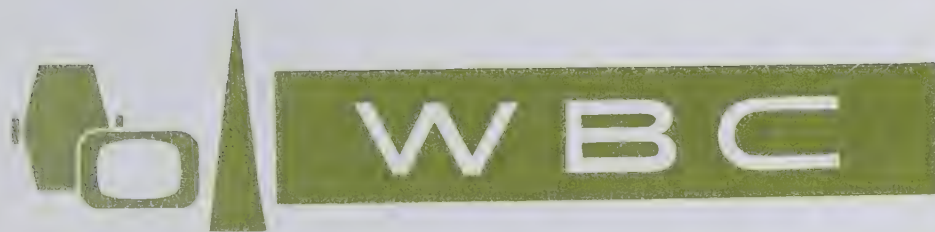


## ADVERTISING

Your radio stations even talk to people on billboards. Both CKNW and CJOB are leaders in their fields because they strive to reach people with a consistent program of creative advertising through other media.

Whether its a warm "welcome home" on a special bulletin at the airport, a series of "catchy" billboard ideas, or a current newspaper "ad" featuring exclusive radio sports coverage . . . the message is there for the regular audience who recognize they are tuned to the best . . . and the incentive is strong for new listeners to "lend us an ear."





# AUDITORS' REPORT



# WESTERN BROADCASTING

(INCORPORATED UNDER THE LAWS OF

## CONSOLIDATED BALANCE

(with comparative figures

### ASSETS

#### CURRENT ASSETS

	1967	1966
Cash.....	\$ 77,282	—
Marketable securities, at cost (quoted market value \$557,208; 1966 — \$414,210).....	290,350	\$ 290,350
Accounts receivable.....	498,577	427,366
Prepaid expenses.....	31,685	32,112
	<u>897,894</u>	<u>749,828</u>

#### INVESTMENTS

Minority interest in British Columbia Television Broadcasting System Ltd. — shares (Note 1).....	614,624	557,514
Agreements for sale and advance receivable.....	52,750	15,000
Special refundable tax.....	20,779	—
	<u>688,153</u>	<u>572,514</u>


#### FIXED ASSETS

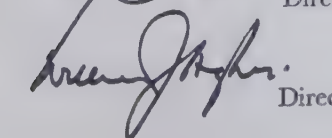
Land, at cost.....	28,134	62,798
Buildings and equipment, at cost less accumulated depreciation \$779,383 (1966 — \$700,392).....	274,304	342,558
	<u>302,438</u>	<u>405,356</u>

#### INTANGIBLE ASSETS

Rights, other intangibles and goodwill, at cost (Note 2).....	653,251	653,231
Excess of cost of shares of subsidiary companies over book value of underlying assets of such subsidiary companies at date of acquisition.....	2,904,731	2,904,731
	<u>3,557,982</u>	<u>3,557,962</u>
	<u>\$5,446,467</u>	<u>\$5,285,660</u>

APPROVED ON BEHALF  
OF THE BOARD:

  
Director

  
Director



# COMPANY LIMITED

THE PROVINCE OF BRITISH COLUMBIA)

**SHEET, MARCH 31, 1967**

at March 31, 1966)

**AUDIT**

## LIABILITIES

### CURRENT LIABILITIES

Current portion of bank advances (Note 3).....  
Accounts payable and accrued liabilities .....  
Income taxes payable (Note 4).....  
Dividend payable.....

1967  
\$ 164,000  
162,608  
301,773  
—  
628,381

1966  
\$ 274,025  
189,447  
104,572  
40,333  
608,377

BANK LOANS 6% (secured) (Note 3).....  
Less instalments due within one year, as above .....

272,113  
164,000  
108,113

436,113  
164,000  
272,113

## SHAREHOLDERS' EQUITY

### CAPITAL STOCK

Authorized  
550,000 common shares without nominal or par value  
  
Issued  
440,517 common shares.....

4,405,170

4,405,170

### RETAINED EARNINGS

Income for the year.....  
Less dividends paid .....

547,087  
242,284  
304,803  
4,709,973

—  
—  
—  
4,405,170

CONTINGENT LIABILITIES (Note 5 and 6)

\$5,446,467

\$5,285,660

To the Shareholders:

We have examined the consolidated financial statements of the Company Ltd. as at March 31, 1967 and the consolidated income statement for the year ended March 31, 1967. Our examination included a general review of the accounting records and other supporting documents in the circumstances.

In our opinion the accompanying consolidated financial statements present fairly the financial position of the Company at the end of the year and the results of its operations for the year ended March 31, 1967, in accordance with the accounting principles applied on a basis of consistency.

We have also examined the application of funds for the year ended March 31, 1967, and we are satisfied that fairly the sources and applications of funds are shown.

Vancouver, B.C.  
May 9, 1967.

The attached notes are an integral part of these financial statements.



# WESTERN BROADCASTING

## CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 1967

(with comparative figures for 1966 (Note 8))

	1967	1966
Income from operations before deducting depreciation, interest and income taxes .....	\$1,075,744	\$ 766,282
Income from investments .....	9,543	7,856
	<u>1,085,287</u>	<u>774,138</u>
Deduct		
Depreciation .....	84,365	107,607
Interest on long term debt .....	20,016	50,720
	<u>104,381</u>	<u>158,327</u>
Income before income taxes .....	980,906	615,811
Income taxes (Note 4) .....	433,819	207,500
Income for the year .....	<u>\$ 547,087</u>	<u>\$ 408,311</u>

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. The assets of the subsidiaries with the exception of Saturna Properties Ltd. are carried into the consolidated accounts at historical cost. The only asset of Saturna Properties is the investment in British Columbia Television Broadcasting System Ltd. which is carried in the consolidated accounts at the cost to the company of the shares in Saturna Properties plus additions during the year of \$57,110 at cost.
2. Rights, other intangibles and goodwill have not been amortized in the accounts. Capital cost allowance amounting to \$455,794 has been claimed for income tax purposes.
3. The bank loans are payable in full on demand from the bank but are subject to arrangements providing for repayment by instalments of \$164,000 per annum. The loans are secured by (i) a general assignment of book debts of one of the subsidiaries in the amount of \$171,137; and (ii) hypothecation of the marketable securities and investments. The marketable securities have been released subsequent to balance sheet date.
4. For income tax purposes a subsidiary company has claimed capital cost allowance on certain rights. No amortization of this asset has been provided in the consolidated accounts.

Accordingly, income taxes in respect of the current year have been reduced by \$41,021 (1966 \$40,217) and accumulated reductions to March 31, 1967 total \$228,700.

5. Contingent Liability: Guarantee of a \$49,750 indebtedness of another broadcasting corporation.
6. Subsequent to the balance sheet date, a writ was issued against a subsidiary company claiming unstated damages for slander arising out of certain radio broadcasts. The litigation has not yet reached the stage where counsel is able to express any opinion as to the company's liability, if any. The company carries libel and slander insurance.
7. The remuneration of directors including remuneration as officers and employees was \$74,004.
8. Western Broadcasting Company Ltd. acquired its subsidiaries, which carry on the active business, on March 25, 1966 and accordingly it had no business earnings prior to that date. For purposes of comparison the combined earnings figures for the subsidiaries for the year ended March 31, 1966 are given in the statement of income.



# COMPANY LIMITED

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED MARCH 31, 1967

### SOURCE OF FUNDS

#### Operations

Income for the year.....	\$ 547,087	
Add depreciation, a charge not requiring an outlay of funds.....	84,365	
		\$ 631,452

### APPLICATION OF FUNDS

Additions to property, plant and equipment, net.....	19,217	
Additions to minority interest in British Columbia Television Broadcasting System Ltd.....	57,110	
Special refundable tax.....	20,779	
Reduction of long term bank loan.....	164,000	
Dividends paid.....	242,284	
		503,390
Increase in working capital during year.....		128,062
Working capital at beginning of year.....		141,451
WORKING CAPITAL AT END OF YEAR.....		\$ 269,513

## 10 YEAR COMPARATIVE STATEMENT OF EARNINGS

Year Ended March 31	Earnings before adding Income from Investments and deducting Depreciation, Interest on Long Term Debt and Income Taxes	Income from Investments	Depreciation	Interest on Long Term Debt	Income Taxes	Net Earnings
1958	\$ 336,413	\$ 1,339	\$ 19,916	—	\$ 147,627	\$ 170,209
1959	411,125	5,238	27,087	—	179,949	209,327
1960	489,297	3,950	20,717	—	233,692	238,838
1961	372,350	8,026	16,950	—	174,408	189,018
1962	494,081	5,278	56,328	\$ 36,552	210,593	195,786
1963	609,298	6,216	98,684	55,752	207,701	253,377
1964	622,690	7,602	68,841	50,515	215,592	295,344
1965	624,426	5,636	122,675	49,095	154,386	303,906
1966	766,282	7,856	107,607	50,720	207,500	408,311
1967	1,075,744	9,543	84,365	20,016	433,819	547,087

NOTE: The above statement combines earnings of Western Broadcasting Company Ltd. and all its subsidiary companies as follows:  
 Radio NW Ltd. for the ten years ended March 31, 1967;  
 Radio OB Ltd. from incorporation on July 12, 1961 to March 31, 1967;  
 Saturna Properties Ltd. from incorporation on May 16, 1963 to March 31, 1967; and  
 Western Broadcasting Company Ltd. from incorporation on November 1, 1965 to March 31, 1967.







